

HOME Investment Partnerships Program



<http://housing.mt.gov/>





MONTANA HOME PROGRAM

Program Overview

Purpose

Eligible Applicants

Competitive Applications

Single Family Pilot Program

HOME PROGRAM OVERVIEW

- ◆ **Purpose**: Expand the supply of affordable housing for low- & very low-income households
- ◆ HUD Formula grant program; approx. \$4.5 million annually
- ◆ Multi- and single-family housing



ELIGIBLE ENTITIES

- ◆ Local Governments
 - Cities, towns, counties
- ◆ **P**ublic **H**ousing Authorities (PHAs)
- ◆ **C**ertified **H**ousing **D**evelopment **O**rganization (CHDOs)
- ◆ Joint Applicants

COMPETITIVE PROCESS

◆ Eligible Activities

- Rental acquisition/rehabilitation
- New construction (multi-family & single family)
- Tenant-based rental assistance

◆ **Maximum Grant Award: \$500,000**

◆ **5% Match Requirement**

SINGLE FAMILY PILOT PROGRAM

Noncompetitive Process

Benefits

Program Basics

Period of Affordability

Qualification Package

SINGLE FAMILY PILOT PROGRAM

- ◆ **NONCOMPETITIVE PROCESS**
 - Homebuyer Assistance
 - Homeowner Rehabilitation
- ◆ **No application, no deadline, and no scoring**
- ◆ **Entities eligible for both programs**



SINGLE FAMILY PILOT PROGRAM



- ◆ Half of annual allocation
- ◆ 2006 allocation: **\$1,987,454**
- ◆ Distribution of funds among districts
- ◆ Formula distribution based on population and age of housing

BENEFITS TO THE PILOT PROGRAM

- ◆ Maintain program momentum
- ◆ Eliminate application process
- ◆ Estimation of staffing needs based on steady source of funds
- ◆ Promote local/regional strategy for use of funds
- ◆ Decrease HOME application review time

PILOT PROGRAM BASICS

- ◆ Qualification package instead of application
- ◆ Funds available beginning June 1, 2006
- ◆ 18 month allocation period beginning June 1
- ◆ Two year contract

PILOT PROGRAM BASICS

- ◆ Funds reserved for specific address
- ◆ 120 day reservation period for HBA
- ◆ 180 days for NC and HOR
- ◆ 5% Match requirement
- ◆ 12% fee for HOR and \$1,500 for HBA

PERIOD OF AFFORDABILITY

- ◆ Homebuyer assistance, depending on investment per unit
 - Under \$15K – 5 years
 - \$15K-\$40K – 10 years
 - Over \$40K – 15 years
- ◆ Homeowner rehabilitation, no period of affordability

QUALIFICATION PACKAGE

- ◆ Management Plan
- ◆ Documentation of Local Support and Citizen Participation
 - ◆ Services Agreement
 - ◆ Match Commitment
- ◆ Environmental Review



QUALIFICATION PACKAGE



MANAGEMENT PLAN

- ◆ Program description
- ◆ Grant management team and responsibilities
- ◆ Sample documents
- ◆ Outreach/marketing



QUALIFICATION PACKAGE



MANAGEMENT PLAN

- ◆ Intake/Selection Policies
- ◆ Policies for Determining Level of Assistance
- ◆ Lender Participation



QUALIFICATION PACKAGE



MANAGEMENT PLAN

- ◆ Eligible improvements/property standards/property inspections
- ◆ Contractor procurement policies
- ◆ Ongoing program compliance
- ◆ Program Income Plan



QUALIFICATION PACKAGE



CITIZEN PARTICIPATION

- ◆ Record of Public Hearings
- ◆ Minimum of One Public Hearing

LOCAL SUPPORT

- ◆ From Local Elected Officials

SERVICES AGREEMENT

QUALIFICATION PACKAGE

MATCH COMMITMENT

- ◆ (5% of HOME Project Costs)
 - HOME Project Costs \$ 25,000
 - HOME Soft Costs (12%) \$ 3,000
 - Total HOME Funds \$ 28,000
 - Match (\$25,000 x 5%) \$ 1,250

RESERVATION PROCESS



RESERVATIONS

- ◆ Current district amount will be available on HOME Web site
- ◆ Determine participant eligibility
- ◆ Submit completed set-up report via E-mail
- ◆ E-mail: **homeprogram@mt.gov**
- ◆ HOME will confirm reservation

PROGRAM ADMINISTRATION—PART I

Environmental Review

Lead Based Paint

Procurement

Program Income

Income Certifications

Inspections

Deed Restrictions

ENVIRONMENTAL REVIEW

- ◆ Requirements
 - ◆ Steps
- ◆ Determinations
- ◆ Re-Evaluations

ENVIRONMENTAL REVIEW

- ◆ Required for HOME-assisted projects
- ◆ Must be completed as part of qualification to participate in pilot program
- ◆ Must cover all jurisdictions served



ENVIRONMENTAL REVIEW



Environmental Review Flowchart

Steps:

- Environmental Certifying Official
- Exemption for Administrative Activities
- **Environmental Review Record (ERR)**

POSSIBLE DETERMINATIONS

- ◆ Homebuyer Assistance
 - Categorically Excluded, Not Subject to §58.5 Laws and Authorities
- ◆ Homeowner Rehabilitation
 - Categorically Excluded, Subject to §58.5 Laws and Authorities



HOMEBUYER ASSISTANCE



- ◆ Document finding
- ◆ Submit ERR to HOME
- ◆ No publication/comment period required
- ◆ Complete site-specific checklist for each address

HOMEOWNER REHABILITATION

If any statutes require compliance

- Complete additional evaluation
- Publish NOI/RROF
- Comply with comment period
- Document finding and comments

HOMEOWNER REHABILITATION

If any statutes require compliance

- ◆ Submit ERR and RROF to HOME
- ◆ HOME will release funds
- ◆ Site-specific checklist for each address

HOMEOWNER REHABILITATION

**If no statutes require compliance,
project converts to Exempt**

- ◆ Complete statutory checklist
- ◆ Document finding
- ◆ Submit ERR to HOME
- ◆ No publication/comment period
- ◆ Site-specific checklist for each address



RE-EVALUATIONS

- ◆ Previously approved Environmental Review
- ◆ Re-evaluation required every five years for on-going programs

LEAD-BASED PAINT



LEAD-BASED PAINT

- ◆ Arises in both homebuyer assistance and rehabilitation
- ◆ HOME requires correction of identified lead hazards
- ◆ Regulations vary according to **HOME investment per unit**
- ◆ Include plan for compliance

PROCUREMENT BASICS

- ◆ General Requirements
- ◆ Procurement of Services
 - ◆ Homeowner Rehab Activities



GENERAL REQUIREMENTS



- ◆ Federal laws and standards
- ◆ State and local laws
- ◆ Always refer to most restrictive
- ◆ Maintain records of all procurements



GENERAL REQUIREMENTS



- ◆ Minority-owned and women-owned business enterprises
- ◆ Award contracts to responsible contractors
- ◆ Contractor debarment checks required
- ◆ Required contract provisions

PROCUREMENT OF SERVICES

- ◆ Requests for **P**roposals (RFPs) for services over \$100,000 or complex
- ◆ Solicit proposals from an adequate number of qualified sources
- ◆ Conduct evaluations
- ◆ Debarment check
- ◆ Award contract

HOMEOWNER REHAB ACTIVITIES

- ◆ Rehab work must bring house up to code
- ◆ Contractors selected either by homeowner or the grantee
- ◆ System to verify contractor eligibility
- ◆ Check client references
- ◆ Minimum: check HUD debarment list (EPLS)

HOMEOWNER REHAB ACTIVITIES – cont.

- ◆ Grantee publishes RFP for interested contractors in area – qualification list
- ◆ Notifies contractors on list of project
- ◆ Walk-thru to determine rehab needs
- ◆ Submit work write-up and bids to grantee
- ◆ Grantee selects contractor
- ◆ Contract between homeowner and contractor

HOMEOWNER REHAB ACTIVITIES – cont.

- ◆ Grantee issues Notice to Proceed
- ◆ Monitor and document the rehab work
- ◆ Request payments for contractor
- ◆ Final inspection
- ◆ Receipt of final payment signed by contractor
- ◆ Recorded Deed or Promissory note

HOMEOWNER REHAB ACTIVITIES – cont.

- ◆ Homeowner selection of contractor – competitive bidding not required
- ◆ Grantee determines scope of work to bring home up to state or local codes
- ◆ Solicit more than one bid
- ◆ Grantee determines cost reasonableness
- ◆ Remainder of procedures apply as presented before

HOMEOWNER REHAB ACTIVITIES – cont.

- ◆ Lead-Based Paint – follow rules in Exhibit 2-S
- ◆ Contract with a certified lead-based paint contractor
- ◆ Work with your HOME Program Officer to ensure all compliance issues are covered

PROGRAM INCOME



PROGRAM INCOME

- ◆ Funds generated from a project funded with HOME funds
- ◆ Includes the repayment of principal, interest, and return on any investment of HOME funds
- ◆ Equity sharing on loans made by Grantee



PROGRAM INCOME – cont.



- ◆ Used within a grantee's jurisdiction
- ◆ Cannot be used as match

PROGRAM INCOME – cont.

- ◆ Written agreement between grantee and MDOC that specifies:
 - How PI will be spent
 - When PI will be spent
 - What records grantee will maintain
 - What reports grantee will submit to MDOC

PROGRAM INCOME – cont.

- ◆ Terms of the written agreement regarding Program Income apply so long as the Grantee continues to receive and disburse PI, regardless of the affordability period imposed by the Grantee

PROGRAM INCOME – cont.

- ◆ When reinvesting Program Income, HOME requirements apply
- ◆ Administrative expenses of the grantee may not be taken from the recapture of the original investment, but may be taken at 10% from interest or equity share
- ◆ Soft costs directly linked to an address may be taken from Program Income

PROGRAM INCOME – cont.

Recapture/Resale Restrictions:

- ◆ New HUD interpretation of foreclosure provisions
- ◆ Repayment to U.S. Treasury
- ◆ Base recapture policies on **Net Proceeds Available**

PROGRAM INCOME – cont.

- ◆ Use of Program Income requires:
 - Set-up and completion reports
 - Supporting documentation
- ◆ Quarterly reporting to HOME Program
 - See Exhibit 9-E in HOME Admin Manual

INCOME

Calculating
Certifying
Verifying
Reviewing Documents

CALCULATING INCOME

Compute annual income using:

- ◆ Part 5 Annual Income – 24 CFR 5.609;
or
- ◆ IRS Form 1040 rules for adjusted income; **or**
- ◆ Census long form reported income

“Technical Guide for Determining Income and Allowances for the HOME Program”

CERTIFYING INCOME

- ◆ HOME regulations require Grantee to examine source documents as evidence of annual income
- ◆ Grantee may develop own verification procedure – must comply with HUD monitoring requirements

VERIFICATIONS

- ◆ Two allowable ways to verify income:
 - Third-party verification
 - Review of documents
- ◆ Definition:
 - Third parties can be an employer, public assistance agency, Social Security Administration

THIRD-PARTY VERIFICATIONS

- ◆ Written requests & responses preferred
- ◆ Verbal are acceptable if documentation includes:
 - Contact person
 - Information conveyed
 - Date of call

THIRD PARTY – cont.

- ◆ Applicant must sign written release form
- ◆ Sample release form contained in:
***“Technical Guide for Determining
Income and Allowances for the HOME
Program”***



REVIEW OF DOCUMENTS

- ◆ Pay stubs
- ◆ Bank statements
- ◆ Unemployment compensation statement
- ◆ Social Security letters

REVIEW OF DOCUMENTS

– cont.

- ◆ Documents may not provide adequate information to calculate income
- ◆ May need to contact third party for additional information

INSPECTIONS

Inspections

Codes

HQS

INSPECTIONS/PROPERTY STANDARDS

Rehabilitation:

- ◆ Housing rehabilitated with HOME funds must meet all local codes, standards, etc. at project completion.

INSPECTIONS – cont.

If no local codes, use

- ◆ Uniform Building Code (ICBO)
- ◆ National Building Code (BOCA)
- ◆ Standard Building Code (SBCCI)
- ◆ Council of American Building Officials (CABO)
- ◆ Minimum Property Standards (MPS)

INSPECTIONS – cont.

- ◆ **Acquisition:**
- ◆ Local Housing Standards and Codes
- ◆ If no local codes, then use
 - Housing Quality Standards (HQS)

HQS

- ◆ Key aspects of HQS:
 - Sanitary facilities – includes air quality
 - Food preparation and refuse disposal
 - Space and security
 - Thermal environment
 - Illumination
- ◆ Exhibit 7-B in HOME Admin Manual

DEED RESTRICTIONS

- ◆ Homebuyer Assistance
 - ◆ Owner Occupied Rehabilitation

DEED RESTRICTIONS

Homebuyer Assistance:

- ◆ **Recorded deed restriction** required on each house for either **resale** or **recapture option**
- ◆ Contact HOME Program Officer to obtain sample copies of deed restrictions

DEED RESTRICTIONS – cont.

Owner Occupied Rehabilitation:

- ♦ **Deed restriction not required,** however, HOME does promote affordability restrictions set by Grantee